

ROCHESTER PUBLIC UTILITIES
BOARD MEETING MINUTES
December 21, 2010

Members Present: Mr. Williams, Mr. Reichert, and Mr. Landwehr
Absent: Mr. Hanson, Mr. Stahl
Also Present: Mr. Adkins, City Attorney

Board President Williams called the meeting to order at 4:05 PM.

1. Mr. Reichert moved to approve the minutes of the November 30, 2010 meeting, seconded by Mr. Landwehr.

All voting "AYE"

2. Mr. Williams opened the meeting for comments from the public. No one wished to be heard.

- 3.a. The quotations received for RPU's property, general liability and automobile insurances for 2011 were discussed. Quotations were gathered by the C. O. Brown Agency. Mr. Lyle Papenfuss and Mr. Darwin Olson from C. O. Brown were present at the meeting. Mr. Olson noted that RPU would be receiving a dividend from the League of Minnesota Cities Insurance Trust based on RPU's good insurance experience rating. Mr. Landwehr moved to approve en bloc three resolutions for RPU insurances, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve an insurance agreement with the National Union Fire / Lloyds, London / Arch Insurance for

ALL RISK PROPERTY INSURANCE

The insurance agreement to be for a twelve month policy period commencing December 31, 2010, and expiring December 31, 2011.

The amount of the contract agreement to be THREE HUNDRED NINETY-FIVE THOUSAND TEN AND 00/100 DOLLARS (\$395,010).

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve an insurance agreement with the League of Minnesota Cities Insurance Trust for

COMMERCIAL AUTOMOBILE AND GENERAL LIABILITY INSURANCE

The insurance agreement to be for a twelve month policy period commencing December 31, 2010, and expiring December 31, 2011.

The amount of the contract agreement to be ONE HUNDRED THIRTY-FIVE THOUSAND TWO HUNDRED TWENTY-NINE AND 00/100 DOLLARS (\$135,229).

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve an insurance agreement with the Associated Electric and Gas Insurance Services, Ltd. (AEGIS) for

EXCESS GENERAL LIABILITY INSURANCE

The insurance agreement to be for a twelve month policy period commencing December 31, 2010, and expiring December 31, 2011.

The amount of the contract agreement to be TWO HUNDRED FIVE THOUSAND SIX HUNDRED THIRY-ONE AND 00/100 DOLLARS (\$205,631.00).

- 3.b. The quotations received for the 11th Avenue SE Watermain Lining Project were discussed. Mr. Landwehr asked about budget dollars for the project. Mr. Koshire explained that RPU would carry over the 2010 budget funds reserved for this project into 2011. Mr. Landwehr moved to approve the project, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the 11th Ave SE watermain lining project (between 7th St and 8-1/2 St SE), and to enter into a purchase order agreement with FER-PAL Construction Ltd, of Taylor, Michigan, for services for

Lining of Interior of Approximately 556 feet of 6" Watermain in 11th Ave SE

The amount of the purchase order contract to be EIGHTY-THOUSAND-FOUR-HUNDRED-FORTY-SIX and NO/100 DOLLARS (\$80,446.00).

- 3.c. Mr. Reichert moved to approve a watermain reconstruction project located at 24th Street SE, seconded by Mr. Landwehr.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a contract agreement with Elcor Construction, Inc., and request the Mayor and the City Clerk to execute the agreement for

Reconstruction of Watermain - 24th ST SE from 9th AVE SE to 23rd ST SE

The amount of the contract agreement to be SEVENTY-FOUR-THOUSAND-SIX-HUNDRED-FORTY-THREE AND 00/100 DOLLARS (\$74,643.00) and Elcor Construction, Inc. being lowest responsible bidder.

4. The purchase of additional property adjacent to the RPU Service Center was discussed. Mr. Hensel, Director of Field Services, described the property and what was currently on the site to the Board. Mr. Adkins asked him if gas stations or dry cleaners had ever been on the property. Mr. Hensel said that the potential for environmental impairment was included in the terms and conditions of the purchase option agreement which Mr. Adkins had reviewed. Mr. Adkins informed RPU staff and the Board that unless there were facts to be concerned about regarding hazardous substances or petroleum products having been placed on the property, paying to have a Phase 1 Environmental Site Assessment was probably not worth the expense. Mr. Landwehr moved to approve the purchase, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the Common Council of the said City is requested to approve the purchase of real property described in Exhibit A, and authorize RPU Management to exercise the purchase option agreement.

The purchase price to be FIVE HUNDRED EIGHTY THOUSAND AND 00/100 DOLLARS (\$580,000.00).

5. The proposed two year capacity sale agreement between the City of Rochester and Southern Minnesota Municipal Power Agency (SMMMPA) was discussed. Mr. Sutton, Manager of Portfolio Optimization, explained that the purpose of the agreement is to cover RPU's obligations under the terms of the current Midwest Independent Transmission System Operator (MISO) Open Access Transmission and Energy Markets Tariff, and satisfies the resource adequacy requirements of the Tariff. It does not have energy sales to SMMMPA associated with it. Mr. Reichert moved to approve the agreement, seconded by Mr. Landwehr.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve a Capacity Sale between the City of Rochester and Southern Minnesota Municipal Power Agency, and request the Mayor and the City Clerk to execute the agreement.

6. Mr. Landwehr moved to approve an Amendment to the 2005 Master Site Agreement with Verizon Wireless for antennas on water storage tanks, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the attached Amendment to Master Site Agreement and Memorandum of Amendments to Master Site Agreement with Verizon Wireless LLC, and to request that the Mayor and the City Clerk execute the Amendment and Memorandum of Amendments for

Approval to place, maintain and/or provide access to and use of temporary electric cables and connections on the site during any power interruption as necessary, for use of a temporary power source during any power interruption at the Country Club Manor Standpipe Site, 4040 Seventh Place Northwest.

7. The proposed 2011 collective bargaining agreement with the International Brotherhood of Electrical Workers (IBEW), Outside Group, Local 949, was discussed. Ms. Hillenbrand, City Director of Human Resources explained the terms and conditions of the proposed negotiated agreement and said it was consistent with other agreements. However, she said that IBEW members had not voted on the agreement. Mr. Landwehr moved to approve the agreement, subject to the approval of IBEW, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, subject to the approval of the International Brotherhood of Electrical Workers (IBEW), Outside Group, Local 949, that the Common Council of the said City is requested to approve a union labor agreement covering the period from January 1, 2011 through December 31, 2011 with IBEW, Outside Group, Local 949, and the City of Rochester Public Utility Board, and that the Common Council authorize the Mayor and the City Clerk to execute the document.

8. The request for the purchase of document management software was discussed with the Board. Ms. Peña, Business Services Supervisor, informed the Board that the current document management processes at RPU are manual and require resources to obtain a document from storage. In addition, document retention policies are difficult to enforce as paper and electronic documents are not tracked in a central process. At the present time there are over 64 pallets of documents in the warehouse that require staff time to retrieve. Mr. Landwehr moved to approve the purchase of the software and the software agreement as amended by the City Attorney, seconded by Mr. Reichert.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, to approve the attached agreement, as amended by the City Attorney, with Perceptive Software, LLC, and to request the Mayor and the City Clerk to execute the agreement for

First Amendment to the Proposal for the Purchase, Implementation
and Maintenance of Perceptive Software's ImageNow Software.

The amount of the contract agreement to be TWO HUNDRED THIRTY-FOUR THOUSAND SEVEN HUNDRED SEVENTY-FIVE AND 00/100 DOLLARS (\$234,775.00) for the first year. Annual maintenance for years 2 – 4 will be \$27,515.

9. Mr. Reichert moved to approve the depositories for Utility monies, seconded by Mr. Landwehr.

All voting "AYE"

BE IT RESOLVED by the Public Utility Board of the City of Rochester, Minnesota, that the following banks, authorized to do business in Minnesota, are the designated depositories for the demand deposit accounts and temporary investment of funds of Rochester Public Utilities, City of Rochester, Minnesota, within the limits established by the City of Rochester, for the term commencing January 1, 2011 through the 31st day of December, 2011.

US Bank
Wells Fargo

The above depositories, and any added during the term by the City Finance Director, shall pay interest at such rates or rates, per annum, as may be mutually agreed upon the Rochester Public Utilities and the respective depository at the time such deposits and investments are made.

The depository shall pay on demand all deposits subject to payment on demand, with accrued interest, and pay on demand all time deposits with accrued interest, at or after maturity.

10. The General Manager provided the following report to the Board:
- a. The Council approved the appointment of Mr. Mark Browning to the Utility Board. He replaces Mr. Landwehr.
 - b. The Midwest Independent Transmission System Operator (MISO) tariff proposal for a new category of transmission projects called "multi-value projects" was briefly discussed. Mr. Koshire said that RPU's portion of the CapX transmission project would not fall under this tariff because it was done in 2008. However, he did say that it was still beneficial for RPU to join MISO as a Transmission Owner (TO).
11. The management reports were discussed.

Mr. Landwehr moved to approve the accounts payable, seconded by Mr. Reichert.

All voting "AYE"

12. Other Business


Mr. Williams told Mr. Landwehr that he greatly appreciated his leadership, his mentoring of others, his ability to skillfully ask the right questions, his service to the community, and his service on the Utility Board. He said that on behalf of all the Board members and RPU staff, he wished to thank Mr. Landwehr very much for his commitment and dedication. Mr. Reichert said that Mr. Landwehr had been a fantastic resource. Mr. Landwehr replied that it had been a very rewarding experience for him. Mr. Landwehr served on the Board from 2000 to 2008 and returned to the Board in 2009 to fill the unexpired term of Mr. Jibben. Mr. Landwehr served as President of the Board from 2002 to 2007.

13. Mr. Landwehr moved to adjourn the meeting, seconded by Mr. Reichert.

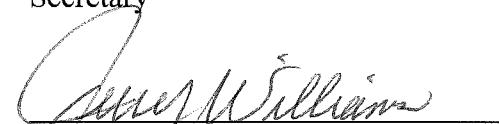
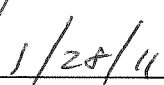
All voting "AYE"

The meeting adjourned at 5:10 p.m.

Submitted by:


Secretary

Approved by the Board:


Board President

Date